WATERMARK AWARDS 2010, CALL FOR ENTRIES, SEE PAGE 35

BEST COURSE

Demo Home Takes Green to Next Level

See page 25

Builder

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THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS

AUGUST 2009



TRADE SECRETS

Builders reap big gains by sticking to plan

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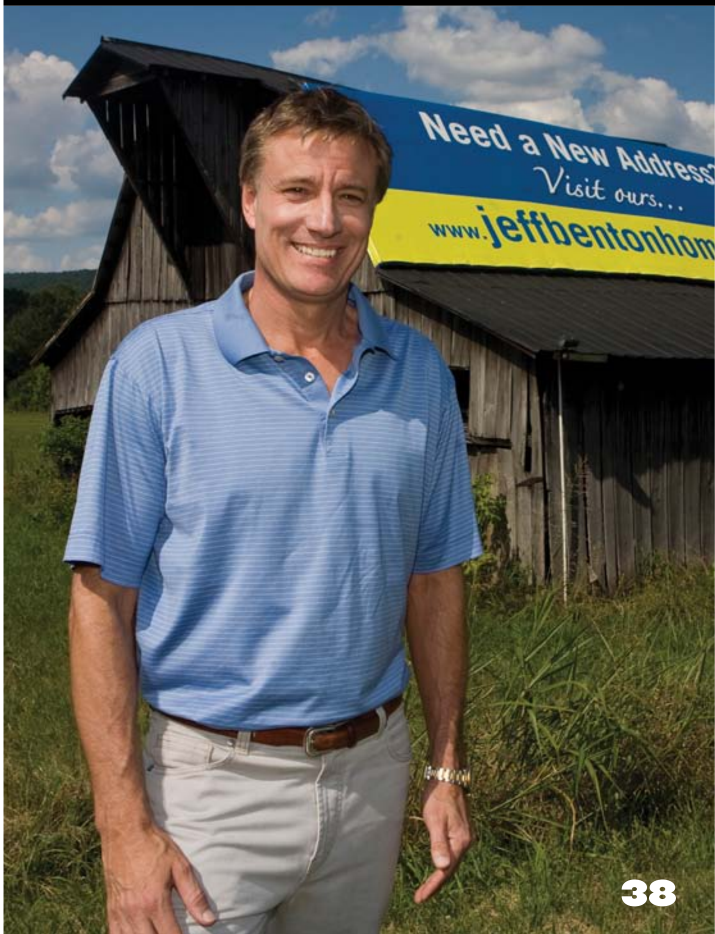





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Builder

VOLUME 32 ISSUE 8 AUGUST 2009





FEATURES

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DEPARTMENTS



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WHAT'S NEW ON: WWW.BUILDERONLINE.COM

Builder Online

Solid Structure

This month's Trade Secrets special report profiles several regional builders who have built solid business foundations that have allowed them to succeed during the downturn. The article continues at www.builderonline.com/collections/tradesecrets/ with an online exclusive, "Basic Instincts," which looks at how a unique Omaha-based builder made opportunities happen when other builders could not.

Western Wonders

Check out our Gold Nugget Award slideshows with additional project plans, section drawings, and photos of this year's winners at www.builderonline.com/design/goldnuggetawards.

DesignLens Slideshows

Watch for the latest crop of slideshows profiling innovative houses, communities, and design details. This month's armchair tours focus on duplex housing, bungalow elevations, and window awnings. www.builderonline.com/design/

Builder TV

In celebration of three decades of covering the issues that matter most to home builders, Builder recognizes 30 innovators who changed the face of residential construction. Beginning in August, view the first episodes in a series of presentations on Builder TV online at www.builderonline.com/multimedia/buildertv.aspx to learn more about these visionaries and risk takers and their impact on the housing industry.

COMMENTS, SUGGESTIONS, AND NEWS FOR BUILDER ONLINE?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**

UPlink //: FOR MORE EXCLUSIVE ONLINE CONTENT AND ADDITIONAL STORIES RELATED TO THIS ISSUE'S ARTICLES, VISIT WWW.BUILDERONLINE.COM.

ON THE COVER: GOLD NUGGET AWARD PROJECT OF THE YEAR WINNER YANONALI COURT OFFERS PROOF THAT SUSTAINABILITY CAN ALSO BE BEAUTIFUL.

COVER PHOTO: JIM BARTSCH

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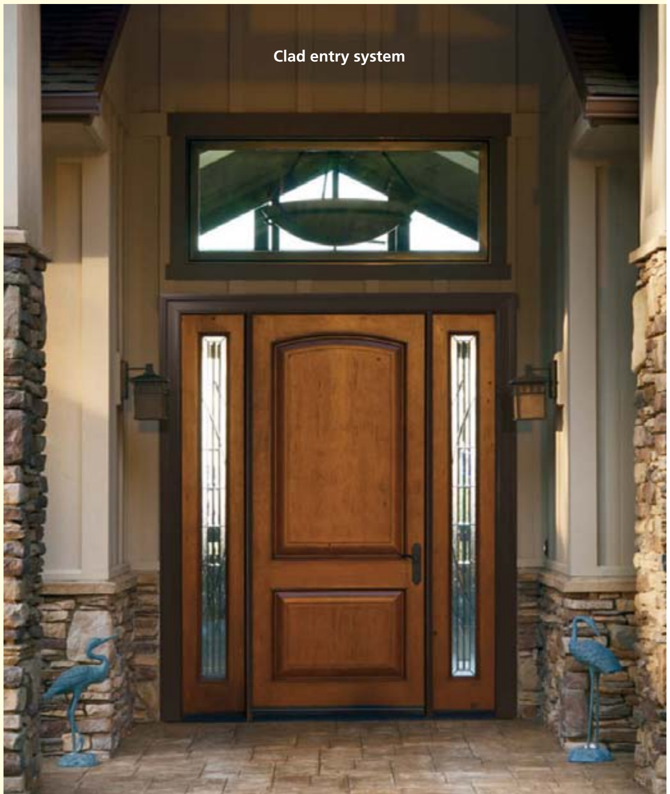
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Ready to Buy

New-home shoppers believe it's an "OK" or "good time" to buy.

AMERICANS SHOPPING FOR NEW HOMES DURING MAY AND June were much more optimistic about their personal financial situation than the overall economy, according to the results of the 2009 BUILDER/American LIVES New-Home Shopper Survey. The full survey results, which you can find at www.builderonline.com/brave-new-world/, suggest that new-home buyers could be confident enough to lead the economy out of recession if builders can provide the kinds of homes they want to buy.

Ninety-five percent of shoppers polled, for instance, characterized the overall economy as "not so good" or "poor." But only 31 percent saw their personal economic situation that way. The majority of would-be buyers rate their personal finances as the same or getting better.

The Internet survey of 686 people shopping for new homes was done for BUILDER by American LIVES, a Carmel Valley, Calif.–based research firm. American LIVES obtained prospect lists from builders in top home building states of California, Nevada, Arizona, Texas, Florida, North Carolina, Michigan, and Indiana.

The survey unearthed some other positive sentiment among new-home shoppers. Most of the people surveyed (59 percent) said that it's an "OK" or "good time" to buy a new home. Moreover, 74 percent said that they are not waiting for the housing market to bottom before they buy. And 55 percent said they want to buy now because they can get more for the money.

SOME YELLOW FLAGS

At the same time, the survey unearthed some buyer anxieties that builders will need to overcome. A full 66 percent of new-home shoppers said that they are at least somewhat concerned about potential job loss within their household. Perhaps for that reason, 82 percent of respondents agreed somewhat or strongly that they don't want to stretch their finances too much to buy a new home.

This result indicated strong demand for smaller homes, including some unexploited demographic niches. "There is a new market for a small home, under 1,300 square feet, with the most energy-efficient features possible," says Brooke Warrick, president of American LIVES. "These homes should be targeted at single women."

One of the questions we hoped to answer from the survey was whether buyer priorities have shifted in light of the recent decline in housing values. The survey results confirmed that shoppers are looking more for personal satisfaction from a new-home purchase than investment gain. Nearly four out of five new-home shoppers, for instance, feel strongly that spending time at home with family has become more important. Also, two-thirds agreed with the statement, "I'm not going out as much, so my home is more important."



KATHERINE LAMBERT

ENERGY—A STRONG DRAW

The survey revealed that energy efficiency is a stronger hot button with buyers than green features. Half of new-home shoppers, for instance, said they would pay at least an extra $5,000 for energy-conserving features that would add at least $35 a month to their payments. Their favorite investments are high-performance windows, high-efficiency HVAC, and insulation that exceeds code.

"All these energy-saving options are 'must haves,'" says Warrick, with the exception of solar panels. Warrick believes that energy efficiency is the builder's ace-in-the-hole in competition against resales. "Builders need to do a better job explaining the benefits of these features to customers."

New-home shoppers believe that green features are important in new homes, but they won't pay as much for them. Forty-nine percent of buyers said they would only pay up to $2,000 extra for green features that would add up to $14 a month to monthly payments.



BOYCE THOMPSON
Editorial Director
e-mail: bthompson@hanleywood.com

Climate Control

The Energy Bill (so-called) passed by the House includes provisions to force a National Building Code & Environmental Improvement Provision upon the building industry. I hope you have researched this bill. It requires federal inspection of existing homes and requires retrofitting to meet imposed energy standards before the home can be resold and imposes California "green" building codes upon the entire country for new construction. I hope you will address this in a future issue/newsletter.

Obama and the Democrat-controlled Congress are going to further a downward spiral in the housing industry unless they are stopped. I hope you will join me in opposing the insane power grab by this administration! We all will suffer if it continues!

DON KEITH INGRAM
Pursang Design
Lineville, Ala.

The NAHB responds: In reference to the Energy Climate bill, the strictest requirements and potential for federal inspection applies to new construction only. There are no presale energy upgrade requirements. There is a voluntary retrofit program (under Section 202) that gives money to homeowners and tenants to upgrade, but it is not mandatory and not required for sales/transactions.

The federal inspection requirements are under Section 201 and apply to enforcing building energy codes on new buildings (homes and commercial) that exceed baseline code by 30 percent, 50 percent, and 75 percent. If states do not voluntarily adopt or enforce these targets, then federal DOE can collect fees and enforce just the energy code in a state/local area. Again, the only time this would apply to existing homes is in the case of a substantial renovation (think 50 percent or more of the value of the building).

The only other new addition to the bill was the inclusion of a piece of legislation called the GREEN Act (H.R. 2336)–Sections 281-299. This bill applies only to HUD-assisted properties and is subject to HUD Secretary oversight. There are some components of the GREEN Act legislation dealing with existing homes, but they are not mandates, rather suggestions for HUD to consider for HUD-assisted properties only and would only be required if HUD Secretary decided. They have no federal inspection component and no presale requirements.

I hope this information is helpful and/or clears up confusion. There were several versions of this bill that were floating around before passage.

ELIZABETH ODINA
Government Affairs
NAHB

Debate Rages

Articles and blogs dealing with the appropriateness of the new appraisal system, which puts appraisers at arm's length from the companies that commission them, prompted a raging debate on our Internet pages. As the NAHB pressed for changes in appraisal standards that would force appraisers to more properly *(see page 18)*

consider the interior condition of comparables, especially in homes that sold under distress, critics and defenders of the current appraisal system made their voices heard.

I'VE BEEN A RESIDENTIAL APPRAISER IN Tampa, Fla., since 1985 and most of your article ("7 Ways the New Appraisal Code Goes Wrong," BUILDER Online) is right on the money, except paragraph three. "Many lenders are turning to appraisal management firms, which charge lower fees than independent appraisers with more experience but may not have appraisers with as much local market knowledge. Borrowers are often paying more for these new appraisals." The appraisal management companies (AMCs) aren't charging less for appraisals; they are charging the same price or more. But they keep up to 50 percent or more of the fee and pay the appraiser the balance.

Most experienced appraisers won't do the assignment for 50 percent of the normal fee, so the AMCs will take whatever "newbie" will accept the lower fee and then send him/her the work. This is why you have appraisers coming from two or more counties away to do your assignments. Not only are they usually inexperienced in appraising, they are 50 or 100 miles from their home base. They may not have the data services to provide sales for this (100 mile away) county and they are usually completely unfamiliar with the local market. So what happens? They take a handful of closed sales, regardless if these sales are truly comparable, and they use those in the appraisal. If the value comes in low, well, they're only getting 50 percent of the fee and driving 100 miles, so what do they care?

MARTIN BEZDEK
TAMPA, FLA.

THE CATCH HERE IS THAT PEOPLE CAN'T decide whether they want a good appraisal or not. I've been in construction and development for 30-plus years, and in my experience people's definition of a "good" appraisal is one that is (1) inexpensive and (2) tells them what they want to hear. Neither of those are consistent with the provision of a "good appraisal," when compared with what it should be as required by law and by any acceptable standards of practice.

I've been hearing a lot of complaining about appraisals in the last month, mainly about them being too low. Let me be clear—if the appraisers aren't inspecting the comparables and making adjustments for the cost of repairs, or if they are using the same three REO sales for every house they appraise, I encourage you to turn them in to the state agency that regulates appraisers so they can strip them of their licenses and get them out of the real estate industry. But if the problem is that your new houses' primary competition is nearly new houses that area banks are selling below your cost of construction, then the truth is that your house is worth less than it costs to build—and any appraiser who says otherwise is absolutely incompetent.

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THE LATEST AND GREATEST BUILDING PRODUCTS ■ EDITED BY NIGEL F. MAYNARD



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io Wow

Everything else is digital, so why not the shower? The ioDIGITAL system gives users the ability to set and maintain water temperature and flow with an electronic touchpad. The system can activate the shower, tub filler, or spa and will accept up to four presets so family members can each have their own setting. The keypad is available in three finishes. ■ **Cost: $1,200 to $2,500. Moen. 800-289-6636. www.moen.com.**

Bar Hopping

Titanium is a wonderful lightweight metal that is strong and extremely corrosion resistant, which is why the manufacturer has produced a line of professional flat and glazer bars from the material. Ideal for many uses, the bars feature a high-leverage fulcrum design with numerous staple and nail pullers. ■ **Cost: $60 to $170. Stiletto Titanium Tools. 800-987-1849. www.stiletto.com.** *(see page 22)*



On the Level

Is it time to ditch your traditional level? The manufacturer of the Precision Ball Level thinks so. This three-in-one tool features a precision aviation ball compass that expands the tool beyond its traditional job. It allows users to find plumb, angles, and pitches, and level in two directions at the same time. ■ **Cost: $50. C.H. Hanson Co. 800-827-3398. www.chhanson.com.**





Remote Control

The manufacturer's power-vent water heaters come with a push-button remote control that allows home buyers to adjust temperatures and monitor operations on an LCD display. Available with 40- and 50-gallon gas-fired units, the wired remote has an automatic "scald warning" and "service needed" indicator. It also displays available hot water levels. ■ **Cost: $1,050 to $1,700. Rheem Manufacturing Co. 800-621-5622. www.rheem.com.**

Time Saver

The P2+R2 Combination Bit works with Phillips and Robertson (square-drive) screws, which eliminates bit changes and increases productivity. Constructed from high-grade steel, it comes as an insert bit or as a 1 1/2-inch or 2-inch power bit for use with ultra-compact cordless tools. ■ **Cost: Under $5 for 15-pack of 1-inch bits. Bosch Power Tools and Accessories. 877-267-2499. www.boschtools.com.**



Portable Power

This manufacturer of whole-house standby generators has introduced a line of portable products ideally suited to professionals. Featuring compact design and durable construction, the XG Series has an illuminated control panel, a power bar that monitors wattage usage, and covered outlets for protection from the environment. Six models are available. ■ **Cost: $799 to $2199. Generac. 888-436-3722. www.generac.com.**





Rock Wall

ComfortBatt is a stone wool exterior wall insulation that offers thermal protection, fire resistance, and water repellency. Made from natural basalt rock and recycled slag, it provides thermal resistance up to R23 for 2x6 construction, can withstand temperatures up to 2150 degrees F, and will not rot, corrode, absorb water, or promote mold growth. ■ **Cost: $30 to $35 per bag. Roxul. 800-265-6878. www.roxul.com.**

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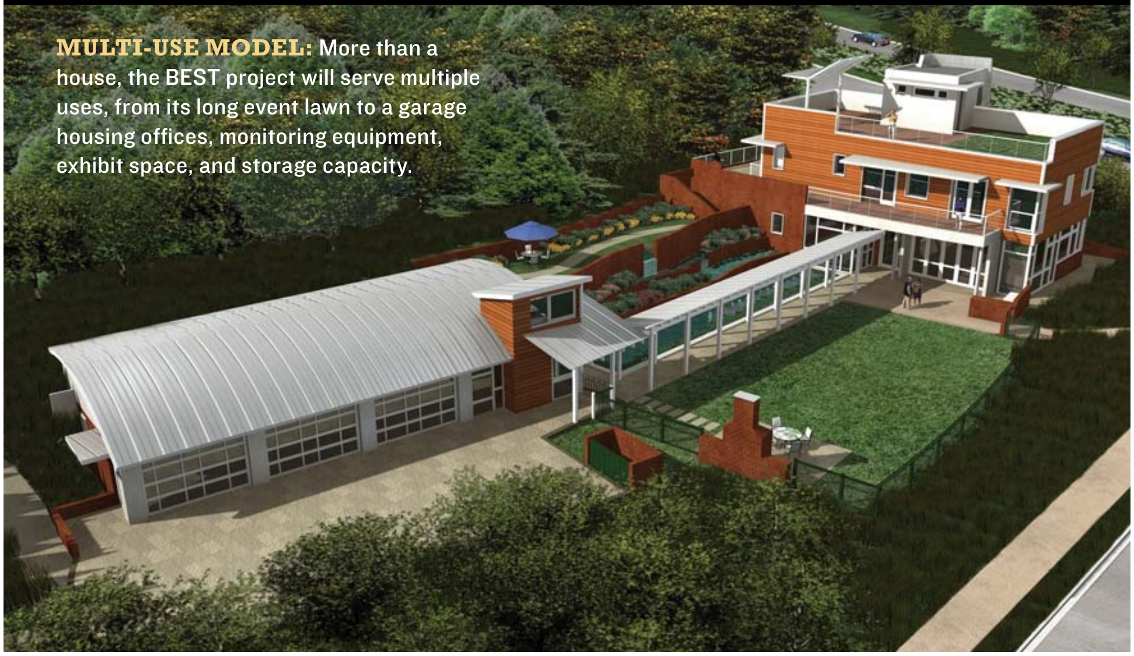
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GREEN HOUSE

SUSTAINABLE DESIGN, CONSTRUCTION, PRODUCTS & SALES ■ EDITED BY RICH BINSACCA



MULTI-USE MODEL: More than a house, the BEST project will serve multiple uses, from its long event lawn to a garage housing offices, monitoring equipment, exhibit space, and storage capacity.

COURTESY THE EVANS GROUP

GREEN DEMONSTRATION HOUSE

The BEST Course

The BEST demonstration house being built on the University of West Florida campus creates a learning opportunity for a wide range of audiences.

If the next wave of housing-industry professionals, namely members of the 70-million-strong Gen Y or Echo Boomer generation and the one behind it, is expected to take green building to the next level, then the BEST demonstration house promises to be a catalyst.

An acronym for "build, educate, sustain, technology," the 3,300-square-foot, three-bedroom home built on the campus of the University of West Florida (UWF) in Pensacola is the first of what its developer, Evergreen Demonstration Home Corp., hopes is a series of similar projects. "We want to create learning centers for everyone," from students and faculty to the general public and builders, says Phillip Russell, a founding member of Evergreen and a local custom home builder with a 30-year track record of high-performance homes.

Evergreen is targeting higher-education campuses, first in Florida and then other states if the idea takes off, to ensure a long-term opportunity to educate the masses about sustainable home building practices. Russell's previous demonstration homes were occupied within a year or so of completion, but BEST and its planned *(see page 26)*

Living Smart All Over

SoCal-based Pardee Homes is taking its in-house LivingSmart sustainable building program companywide after integrating the pioneering concept into select projects within its San Diego division since 2001. After evaluating elements of the program in terms of resource efficiencies, code compliance, availability, marketability, and cost, the builder/developer will apply LivingSmart to every price point and every market in which it is building new homes and/or developing master planned communities. For more information, go to www.pardeehomes.com/live-green/livingsmart.

Roof Recycling

DaVinci Roofscapes will pay to have unused and waste remnants of its synthetic roofing tiles shipped back for recycling from projects within a 500-mile radius of the company's Kansas City manufacturing facility and will accept waste/unused tiles from any ▸

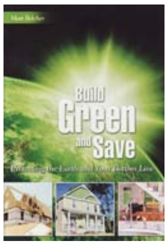
project outside that radius at the contractor's cost. The 500-mile swath includes such markets as Denver, Dallas, Chicago, Nashville, Tenn., and Indi-



anapolis. For more information, call 800-328-4624 or go to www.davinciroofscapes.com.

Green Book

Build Green and Save: Protecting the Earth and Your Bottom Line, is an insider's guide to the green building process by Matt Belcher, a St. Louis–area builder, developer, and consultant. The book helps builders identify and select green building materials, implement green construction techniques, and explain the benefits of green housing to consumers, among other practices.



Price: $19.95 NAHB member/$21.95 retail at www.BuilderBooks.com or 800-223-2665.

UPlink

TO READ MORE STORIES ON GREEN BUILDING, GO TO WWW.BUILDERONLINE.COM/GREEN.

successors are envisioned with 15-year lifespans or longer, unoccupied, and updated as new building science and solutions emerge.

Under that scenario, students now in high school will benefit from the educational experience—and ideally carry that practical knowledge into housing design and production, as well as related industries. "It's an opportunity to change the industry by demand for green and sustainability," says Don Evans of The Evans Group in Orlando, Fla., which serves as the design architect on the concept. "It's something you're already seeing in the auto industry."

The contemporary-styled home is being designed and built to achieve a LEED for Homes rating by the U.S. Green Building Council, but will also feature practices and products that address high wind and storm resistance and an even higher level of energy efficiency (Russell's specialty) than what LEED standards require.

In addition to donating land for the project, UWF will leverage and lend its Building Construction program to help build and maintain the house. The project may also serve as a stepping stone for an eventual school of architecture.

Once built, the home's systems and products, mostly mainstream but also including a hydrogen fuel cell and a residential-scaled wind turbine (called a Jellyfish) for lighting energy, will be monitored for their performance by students and Gulf Power, the local utility. It is also designed to house a variety of events, including those hosted by one or more of the project's 75-plus sponsors (mostly building products suppliers), to proliferate the concept and its contents.

As for its modern style, the project's design architect, Ken Rinker of The Evans Group, felt it best reflected not only the technology it contains, but also the sensitivities of the generation that the project team hopes to attract and educate. "UWF itself is young and modern, so this style fits its context," he says.

For more information about the BEST Demonstration Home, including progress photos and streaming video of its production, go to www.uwf.edu/besthouse.—*R.B.*

GREEN DEALERS

Supply-Side Green

A survey of lumberyards shows a steady progression toward green building materials.

A RECENT SURVEY AMONG nearly 200 readers of PROSALES magazine, a sister publication of BUILDER for the lumber and building materials supply chain, provides a snapshot of an industry segment caught between the supply and increasing demand for green products.

For example, 48 percent of the survey respondents reported that current interest in green building among their contractor customers was nonexistent or barely there, while the other half of the dealers reported enough interest—and nearly 10 percent of it "robust"—to take action.

Suppliers say that most of the interest in green has come in just the last year and mostly from small and custom builders. They also tell of builders who shy away from green because of perceived cost premiums or even see green as a scam to boost dealer profits.

Nearly half of the dealers say they provide details about the green qualities of their products and about construction techniques that result in better-built housing. A quarter of the dealers say they have a formal program that identifies "qualified" products (usually from multiple independent certification programs); another quarter have an in-house green expert to answer contractor questions. The rest, however, rely on their salesforces to do "the best they can" with such customer queries.

Among the dealers not waiting for a tipping point is Tom Andrew of Henry Poor Lumber in Lafayette, Ind. "We're going green," he says. "The science of today is the standard of tomorrow."—*R.B.*



HELPING HAND: LBM dealers are becoming more educated and aggressive in their role as a conduit for green building products.

GOT GREEN PROJECTS, PRODUCTS, OR DESIGNS?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**

PHOTOS: TOP LEFT: COURTESY DAVINCI ROOFSCAPES; BOTTOM LEFT: COURTESY BUILDERBOOKS.COM; RIGHT: COURTESY ILEVEL BY WEYERHAEUSER


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NAHB BRIEFS

Possible Audit

In July, U.S. Immigration and Customs Enforcement issued I-9 Notices of Inspection letters to 652 businesses nationwide—149 more audit notices in a single day than were issued in all of 2008.

The Department of Homeland Security's new "Worksite Enforcement Strategy" is shifting the focus of immigration law enforcement from illegal workers to employers.

The NAHB is advising employers "to faithfully comply with the I-9 verification process for new hires, to use current forms, and to adhere to all record-keeping requirements in anticipation of an increased possibility that they may be subjected to an I-9 audit."

Given the new enforcement approach, it is extremely important for builders to bring in legal counsel immediately if they receive an I-9 audit notice.

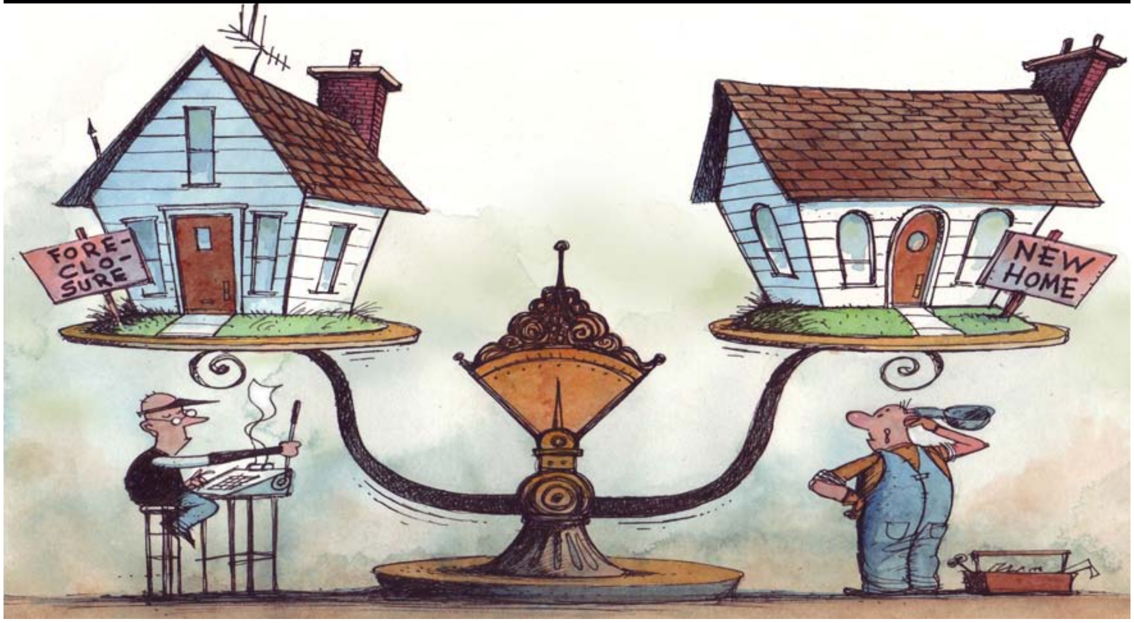
City Benefits

A new report from the NAHB, using a proprietary modeling method, found that the development of apartment and condo communities generates significant economic benefits for municipalities long after the building process has been completed.

The report explains how a typical ▶

NATIONAL BEAT

NEWS FROM HOUSING'S GROUND ZERO ■ EDITED BY DEBORAH LEOPOLD



DAVID CLARK

FROM THE CHAIRMAN

Apples vs. Oranges

Appraisers need regulatory guidelines that acknowledge today's realities.

PICTURE THIS: FOR THE FIRST TIME IN MONTHS a small builder sells a new home. The sales price cuts the builder's profit to the bone, but it's a reasonable price given today's housing market. The buyers are well qualified, and everything is going along smoothly until the appraisal comes in at tens of thousands of dollars less than the sales price. Why? The local market has been hit hard by the recession and the comparables include foreclosures and other distressed sales.

Now the builder faces a wrenching dilemma. Does he cut the home's price to be consistent with the appraisal value and take a loss, or does he cancel the sale even though it could take a long time to find another buyer and the next appraisal could come in equally low?



JOE ROBSON
CHAIRMAN OF THE BOARD, NAHB
WASHINGTON, D.C.

Scenarios like this are playing out daily in markets across the country as the use of foreclosed and distressed sales as comparables for appraisals on single-family homes needlessly drives down home values, slows new-home sales, and puts a drag on the housing recovery.

Equally important, using foreclosed and distressed properties as comparables is affecting the availability of AD&C credit. Falling appraised values for land and subdivisions under (see page 30)

development have led some financial institutions to stop lending to developers/builders, to demand additional equity, and even to call performing loans.

This is a complex situation with many interconnected parts. In the wake of criticism that lax appraisal standards contributed to the economic and housing crisis, appraisal standards and procedures were tightened earlier this year. But now the pendulum has swung too far, and reports of homes failing to appraise at the sales price, or even construction cost, have become more prevalent.

There's no question that the conditions in today's housing market are unprecedented. The practices that may have been effective in the past are no longer responsive to the realities of today's housing market.

For example, appraisers generally are only required to inspect the exterior of a property that is being used as a comparable. But, too often, properties that have been subject to foreclosure or distress sales have issues related to deferred maintenance or internal damage that an external inspection cannot detect.

The NAHB believes that it's time for appraisers to have regulatory guidelines that acknowledge such realities. In neighborhoods where the comps include a large number of short sales or foreclosures, appraisers should have the option of expanding the geographic area or extending the time frame for eligible sales to get a more representative picture of the value of homes sold in the area.

The NAHB has been working on this issue for some time, and we have reached out to the Appraisal Institute, which held an informational session at the fall board of directors meeting last year to help builders better understand the appraisal process. We continue to work with the Institute and other housing industry groups to address this important issue. We have also made our position clear to the regulators who set the standards for home sales.

What the market needs most is clear, concise regulatory guidance from Fannie and Freddie and the housing and financial regulators that will allow appraisers to develop realistic valuations based on sales that are truly comparable.

The bottom line is that you just cannot compare a well-constructed new home with a foreclosed home that has been vacant for months. They simply are not "comparable," and the standards need to be adjusted to reflect that reality. **B**

THE NAHB RESEARCH CENTER CORNER

New Challenge

The DOE introduces its new green certification program for builders.

NAHBGreen continues to grow and expand its offerings to home builders. One of its most recent enhancements is the added capability of dual certification to the National Green Building Standard and the DOE's Builders Challenge. The dual certification became available via the NAHBGreen online scoring tool at the end of June.

Spearheaded by the DOE, the Builders Challenge is a certification of a home's energy efficiency. The program invites home builders across the U.S. to build a new generation of high-performance homes using proven innovations, and to work toward the ultimate goal of providing affordable, net-zero energy homes nationwide by 2030. For more information, visit www1.eere.energy.gov/buildings/challenge/index.html.

DOE designed the Builders Challenge to work with existing energy and green building programs by providing a standardized metric for whole-house energy performance, thereby increasing consumer understanding and builder credibility. There are two different paths to meet the Builders Challenge. Qualifying homes must either receive a rating of 70 or better on the EnergySmart Home Scale "E-Scale" (based on the HERS Index), or build to a climate-appropriate Technology Information Package. In addition, a home can comply with Builders Challenge through a Challenge Partner Program—such as NAHBGreen—at a specified level.

All paths require third-party verification by a qualified professional and the Builders Challenge Quality Criteria (BCQC). The BCQC will be addressed in the NAHBGreen dual certification through the NAHBGreen Scoring Tool. A detailed explanation of required BCQC can be found on the Builders Challenge website.

The Builders Challenge provides an opportunity to build homes with increased energy efficiency, durability, and indoor air quality. Participating builders have access to technical and marketing resources provided through the program to help with successful building and marketing of these high performance homes. The first step is registering online (www1.eere.energy.gov/buildings/challenge/participants/bcreateaccount.aspx) to become a Builders Challenge builder or verifier.

NAHB BRIEFS

development of either 100 rental apartments or 100 condos affects income and employment figures for 16 sample industries and local government, as well as detailed information about the new construction's effect on taxes and government revenue.

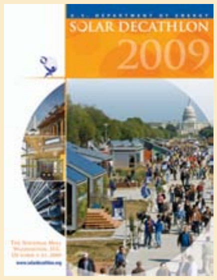
"To fully understand the positive impact of multifamily construction, it's important to recognize the economic ripple effects and ongoing benefits to the community at large," says Joe Robson, NAHB chairman.

The full report can be found at: www.nahb.org/fileUpload_details.aspx?ContentID=120366.

Solar Action

The NAHB is sponsoring the Solar Decathlon again this fall.

Twenty university teams from the U.S., Canada, Germany, and Spain design and exhibit solar-powered, energy-efficient homes.



The teams build, test, and ship the homes to the National Mall in Washington, D.C. They then take a week to rebuild their houses as a solar village, opening the homes to the visiting public Oct. 9-18.

Off Balance

Continued declines in home prices will jeopardize the nation's economic recovery.

Surging house prices were a dominant feature of the economic expansion and housing boom several years ago, and falling house prices have been a dominant feature of the subsequent collapse of the housing sector and descent of the economy into the Great Recession.

The stunning decline in house prices has badly damaged not only the housing market and the housing finance system but also the balance sheet of the household sector. This damage, in turn, has prompted a major cutback in consumer spending along with resurgence of the personal saving rate.

House prices still are in retreat in many places, there's risk of overshoot on the downside, and government efforts to stem the tide have been inadequate for the task. Achievement of the widely anticipated economic recovery may very well require more decisive policies to halt the destructive downward spiral in house prices.

HOUSEHOLD BALANCE SHEET

The boom/bust house-price cycle has had dramatic effects on the balance sheet of the household sector. During the boom, surging prices bestowed huge wealth gains on homeowners; indeed, holding gains came to $6.7 trillion for the 2003–2006 period. These gains, in turn, supported huge increases in home mortgage debt as many households refinanced into larger first mortgages and tapped home equity credit lines.

Housing equity grew substantially during the boom despite the debt expansion, reaching a record $12.5 trillion by early 2006. This amount was equivalent to a lofty 58.5 percent of the market value of household real estate (leaving 41.5 percent mortgaged) and came to more than one-fifth of total household net worth. The housing boom spurred the net worth of the housing sector to record levels, in both absolute terms and relative to disposable personal income.

The bust in home prices has provoked major deterioration of the household balance sheet. Homeowners have lost about $5 trillion of market value since 2006 (through the first quarter of this year). Furthermore, owners' equity has shrunk by more than 40 percent and the ratio of housing equity to the market value of homes has slipped to only 41.4 percent (leaving 58.6 percent mortgaged). The housing share of total household net worth also has shrunk, despite the recent collapse of the stock market, amounting to only 15 percent at the end of the first quarter.



CONSUMER SPENDING

The price-driven growth in housing wealth fueled consumer spending during the boom, and the subsequent price reversals have taken a heavy toll on this dominant component of spending in the U.S. economy. In this regard, it's noteworthy that changes in housing wealth have more powerful impacts on consumer spending, saving, and borrowing decisions than equivalent changes in equity wealth produced by swings in the stock market.

The surge in housing wealth generated more than a percentage point of real GDP growth in both 2004 and 2005 as household borrowing surged and the personal saving rate fell to historic lows. The contraction in housing wealth has generated similar-sized reductions in GDP growth since mid-2007 and the saving rate has shot up in the process—approaching 7 percent by May of this year. Further increases certainly would jeopardize the gradual recovery in GDP that we expect to begin in the latter part of this year.

POLICY IMPLICATIONS

A variety of government policies have been enacted to help rebalance housing demand and supply and support house prices, but there's still work to be done. The government should strengthen temporary measures to stimulate demand, pull out the stops on foreclosure prevention, and support appraisal practices that do not reinforce the downward spiral in prices.

David Crowe
Chief Economist
NAHB
Washington, D.C.
e-mail: dcrowe@nahb.com



To pay tribute to my sister Nancy's lifelong career in nursing and honor her courageous battle with cancer, I established the Nancy Glunt Hoffman Memorial Fund at the University of Pittsburgh School of Nursing, her alma mater. With the vision of advancing the practice of oncology nursing, the Fund is creating a $1.5 million endowed chair to establish the University of Pittsburgh as a model for oncology nursing research and practice.

WHY DO I GIVE *THROUGH* THE HOMEBUILDING COMMUNITY FOUNDATION?

I support the School of Nursing through a donor advised fund with the Homebuilding Community Foundation. With HCF, I can contribute to numerous funds and charities in my name just as I always have, and the homebuilding industry receives recognition as well. And it's easier, more effective and more tax efficient – so I actually give more.

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J. Roger Glunt
CEO, Glunt Development Co., Inc.

For more information on how the Foundation can help make your giving more effective, contact Julie Wheeler at 202-729-3575 or jwheeler@homebuilding.org



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LUCKY AND GOOD

TRADE SECRETS

Regional builders use solid business foundations to build off last year's closings and revenue gains.

WITH FEW EXCEPTIONS, PRODUCtion builders that grew last year are in markets that have escaped the worst blows from the housing recession. But explaining their successes by that measure alone wouldn't do justice to the ways these builders have kept their businesses moving forward, in good times and bad.

This year's Trade Secrets special report finds Jeff Benton Homes in Alabama bolstering its brand through an attentive warranty program and marketing that includes distributing promotional materials through local schools. Timely land acquisitions and a reputation for affordable homes for first-time buyers help North Carolina's Wade Jurney Homes stay on top. A third builder, Hearthstone Homes in Nebraska, is exploiting opportunities with a disciplined construction and operational approach. (See www.builderonline.com/collections/tradesecrets.)

It doesn't hurt that the markets in which these builders operate for the most part have relatively resilient economies and haven't been invaded by the giant public home builders. But one gets the sense from their owners and managers that these companies would execute their game plans the same way regardless of who or what they're up against. That single-minded focus has kept these builders from leaping into trends and making decisions that might have caused them to diverge from their corporate missions and cultures. In the face of adversity, being true to themselves has been these builders' salvation.—*J. Caulfield*



HEATHER BRAND

BIG FISH, SMALL POND: Jeff Benton still sees growth opportunities for his company in its home market in Alabama.



Coming Together

Jeff Benton Homes reaps the benefits of organization and marketing that jelled last year.

BY JOHN CAULFIELD

Jeff Benton Homes of Huntsville, Ala., enjoyed the best sales month in its 22-year history in May 2008, when it sold 28 houses for $8.3 million, despite the market being off 23.5 percent. In June, it sold another 25. Jeff Benton, the builder's 50-year-old founder and owner, is feeling more confident these days that his company can repeat last year's success, when it was one of the few top-200 builders nationally that increased their revenue and closings.

Benton attributes those gains to fertile market conditions and the fact that public production builders in his area came and *(see page 40)*

TRADE SECRETS

went. Also, Huntsville's unemployment is kept low by a defense industry that's expanding, thanks to the federal government's military base realignment and closure program, which is expected to relocate 4,700 jobs to the area's Redstone Arsenal and create as many as 11,000 new jobs by 2011.

But because of the operational and marketing improvements it has been making in recent years, Jeff Benton Homes was eminently prepared to exploit that growth. "It was a matter of timing and a culmination of everything we have been working toward," says Wendy Lee, who joined the company as a model-home decorator in 1998 and is now vice president of marketing and sales.

QUALITY IS JOB NO. 1

With 10 active communities, Jeff Benton Homes grew last year even though Huntsville's housing market did not. The 1,939 permits issued by the county in 2008 were the lowest since 2004, says Lynn Kilgore, executive director of the Huntsville/Madison County HBA.

In a market that Kilgore describes as still having "a small-town feel to it," Jeff Benton Homes is established as a high-quality production builder. Its reputation stems partly from the integrity of its warranty program, which Benton takes very seriously. Lee recalls that when she interviewed for a job at the company, she asked about its warranty policy, a headache for the previous builder she worked for. Benton told her that the warranties included his cell phone number as the emergency contact. "I thought he was either crazy," she remembers, "or wasn't afraid about hearing from angry owners."

Benton doesn't include his phone number on warranty contracts anymore, explaining that he has built his production department "around eliminating those things that people would call us about on warranty." No home is closed until it has "zero" problems on its checklist.

The builder's two product lines average 3,100 square feet and sell for $98 per square foot. "That's down 10 percent, both on the size and price, from a year ago," says Benton. The builder has also introduced smaller house plans, in the 2,000-square-foot range, selling for around $210,000. Smaller houses could account for up to two-fifths of his company's sales this year.

In 2008, 11 percent of the average selling price of Benton's homes came from options and upgrades. In September, the company will open a new Design Studio, which at around 3,000 square feet will be double the size of its existing design center. The added space, says Lee, will present the builder with more opportunities to bring in customers for education and events.

STAYING AGGRESSIVE

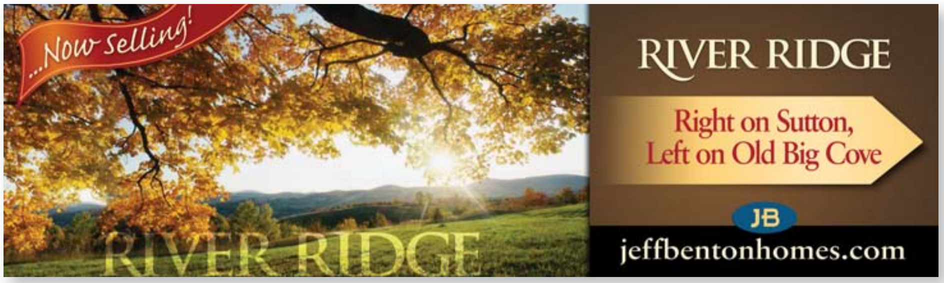
The Design Studio will be part of a new 13,000-square-foot headquarters, which can be seen as a symbol of the process improvements Jeff Benton Homes has made.

Last year it installed new software "so we can handle more volume." And its management team "has finally come together," says Lee, so that each manager can focus on running his or her department efficiently. "We're dedicated to squeezing out every dollar we can, and we're looking to make every aspect of our operations leaner," says Benton. But scrimping on marketing or sales isn't an option, he asserts.

Customer awareness of Jeff Benton Homes comes mainly from word of mouth and billboard advertising. A partnership with local schools allows the builder to send promotional flyers home with students, and 19 billboards reinforce its name. "Our branding effort finally took root last year," says Lee. This fall the builder will relaunch a revamped website that will be interactive and easier to update. Customers visiting the company's subdivisions are getting better service, too, thanks to a decision last year to get its sales manager into the field more to work with the salespeople.

STAYING PUT

Benton hopes his company this year will be "a little bit ahead" of its performance in 2008. With four years' supply of land, he's ready for when business picks up. But Benton isn't interested in expanding to another market until he "maximizes" opportunities in Huntsville. "People know me here as a real person in town," he says. "I don't need the distraction of another market." *(see page 42)*



GETTING THE WORD OUT: Nineteen billboards reinforce the builder's brand.





MODEST PROPORTIONS: Jeff Benton Homes' house plans average 3,100 square feet, or 10 percent smaller than a year ago.

PHOTOS: TOP AND INSET: COURTESY JEFF BENTON HOMES; BOTTOM: JEFF WHITE


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Growing Up and Out

Builder taps into the Carolinas' starter-home market.

BY TERESA BURNEY

THE FACT THAT WADE JURNEY Homes has been growing while the market was slowing is a result of circumstances as much as skill, its owner is quick to say. "It's a combination of luck and discipline," says Wade G. Jurney Jr., 38, who founded the Greensboro, N.C.–based company in 2001.

In 2008 Wade Jurney Homes closed 215 houses in North Carolina's Greensboro, Winston-Salem, High Point Triad area, up more than 5 percent from 204 the year before. Revenue, too, was up from $28 million to $29 million, boosting the company to within striking range of the BUILDER 100 list, to No. 110 from 178 in 2007. This year, Jurney expects to grow even more, projecting 262 closings in the Triad and a couple dozen more from an expansion into the Charlotte, N.C., market.

The lucky parts of Jurney Home's success equation were its location and market segment, Jurney says. "We are in North Carolina," he explains. While the market clearly has slowed in the Triad, it hasn't crashed like other markets, which experienced greater price run-ups. "Our [price] appreciation rate here was never more than 5 percent a year," he adds.

FIRST-TIME BUYERS ARE KEY

Second, the company builds for first-time buyers, the segment many other builders

PHOTOS: KEVIN STEEN





AT THE READY: Wade Jurney, his wife, Karen, (left) and Jurney Home's vice president Stephanie Miller (right) are on deck for company expansion.

are now furiously retooling to reach. When first-time move-up and more upscale buyers began falling out of the market, Jurney already had a full retinue of tidy little starter-home products.

"[A] lot of people are talking about credit being very tight, but with FHA, [entry-level] hasn't been quite as impacted," says Jurney. "There are always people coming out of apartments, people getting married."

Jurney also says the company is lucky because it isn't saddled with undeveloped land or an excess of lots on its books.

But that might fit better under the company's commitment to discipline.

AVOIDING THE LAND TRAP

The temptation to dabble in the land and lot market was definitely strong during what Jurney calls the "crack" years when many builders were addicted to boosting margin by buying and developing their own land. But Jurney didn't bite, choosing instead to stick to the NVR strategy of buying lots just when he needed them.

"There was a little voice in my head in 2002 and 2003 saying, 'This is too good to be true,'" Jurney remembers. That niggling feeling was probably prompted by Jurney's memories of the last big downturn, which his father, a local custom builder, lived through, he adds.

On the other hand, Jurney had just started his own company when the boom began and was only building 50 to 80 houses a year, not enough volume to justify larger land buys anyway.

"I didn't have a chance to screw up," he says. "I got into the market at the right time. I had a little bit of heartburn" from owning a few more lots than he would have liked under his just-in-time lot business model when the slowdown hit, but not enough to seriously drain company resources. "We never got way out there like a lot of them."

He now has about 160 lots on his books in the Triad area, just a little more than he would like.

"We are not making as high a profit margin, though we have remained profitable," he says. "And we haven't had to lay anybody off, knock wood. We are still in growth mode."

FOCUSING ON THE BASICS

The secret to Jurney's success that has nothing to do with luck is related to a focus on the fundamentals—sales, value-engineering its products, and conservative financial practices.

"A lot of our builder friends in town that have not been through a downturn, their salespeople were just order takers," he says. "Half the models in Greensboro were unmanned. We have maintained quality, customer service, and we have kept our neighborhoods clean and green."

LEAST EXPENSIVE HOMES

Jurney also worked with SMA Consulting to help improve its operations. The company has cut its number of floor plans from 250 to 50, value-engineering them to the extreme in the process, getting costs down to $42.50 a square foot.

"We have gotten very competitive, price-wise," Jurney says. The company's goal is to always be the least expensive builder in town. In the Triad, it builds homes selling from $90,000 to $180,000, with square footage ranging from 1,000 square feet to 4,000 square feet.

The company is beginning to reap the rewards of surviving as its competition closes down. Jurney is hiring the best of his competitors' employees, strengthening his team, and securing the North and South Carolina real estate assets of C.P. Morgan, the Indianapolis-based builder that closed in February. Morgan targeted the same buyers that Jurney does, making its land holdings a good fit. Investors will purchase the Morgan lots, but Jurney will have partial ownership. "I hate that we're going through the times that we are, but you can take advantage of the situation," he says.

Still, he adds, "I don't want to go into the land banking business. I want to focus on home building." **B**

READ MORE ONLINE

Basic Instincts

Hearthstone Homes finds success by going its own way.

A four-year contract to build duplexes on a local Air Force base demonstrates how this Omaha-based builder's regimented operations and quirky management style make opportunities happen when other competitors can't. www.builderonline.com/collections/tradesecrets

2009 gold nugget awards



VILLAGE VIBE: Yanonali Court, the 2009 Gold Nugget Awards Project of the Year, demonstrates that sustainable housing can still be well-appointed and finely detailed.



JIM BARTSCH

HOW THE WEST WAS WON

Urban infill, green building, and small-scale luxury prove to be dominant themes in the 2009 Gold Nugget Award competition.

BY JENNY SULLIVAN, KATHLEEN STANLEY, AND MONICA STERN-MORALES

WHEN EARLY SETTLERS headed out in the direction of California and the Pacific Northwest in the 1800s, they were lured by the promise of wide open spaces, abundant natural resources, and the chance to earn a fine fortune.

Let's just say the real estate market has changed a little since then. Today, resources have dwindled, land parcels have shrunk to postage-stamp size, prices are in free fall in the wake of the housing bubble, and the Golden State's economy is more constrained than at any other time in history.

But the dream is still alive. And, as this year's Gold Nugget Awards so beautifully illustrate, there are lots of pioneering builders, developers, and architects out there who are conquering this wild new frontier with great innovation. Infill development is commonplace, jewel-box homes are in vogue, affordable housing has never looked so luxurious, and energy efficiency is the order of the day. These are among the takeaways of 2009 from the annual PCBC-sponsored competition run by Peter M. Mayer Productions, which celebrates outstanding design in the 14 Western states and international markets.

One thing that hasn't changed in the West? Its spectacular views—which more than a few of this year's winners, from urban high-rises to secluded custom homes, were careful to preserve. There is still gold in them thar hills. And you can savor its glow when the sun sets.—*J. Sullivan*

Major League

Yanonali Court Santa Barbara, Calif.

The design review process in Santa Barbara, Calif., is about as stringent as they come, but that didn't stop architects Barry and Jeff Berkus and builder Steve Berkus (yes, they are related) from hitting this project out of the park and turning a quarter acre into something extra special.

The five small infill units that make up this pocket village surround a central courtyard, sharing an outdoor fireplace and fountain. With their crisp stucco and red tile roofs, the buildings respect local architectural tradition, blending Spanish, Mediterranean, and Moorish influences. But they aren't cookie cutter. Each residence is thoughtfully oriented with its own unique entry and arrival sequence, and there is delight in details such as wrought iron railings, arched windows, and tiled staircases.

The interiors of each home skew slightly more contemporary, but are no less stunning with clean lines, natural wood and tile finishes, and meaningful touches such as art alcoves with picture lighting. And the four-sided architecture that graces each building creates not only visual interest on the outside, but channels big helpings of natural light inside.

But these precious, little gems (ranging in size from just 954 to 1,989 square feet) add up to more than just a pretty picture. The project scored LEED Platinum certification and went on to become a pilot for the city's "Built Green" program. Water-conserving features such as on-site rainwater collection, pervious paving materials, and xeriscaping with sustainable irrigation practices are central to its drought-tolerant mission.

Herein lies a model for well-proportioned architecture and impeccable craftsmanship, not to mention sustainability.—*J. Sullivan*

AWARDS: Project of the Year and Grand for sustainable residential neighborhood, attached
BUILDER: Berkus Construction, Santa Barbara, Calif.
DEVELOPER: Del Mar Development/Berkus Construction, Santa Barbara
ARCHITECTS/LAND PLANNERS: Jeffrey Berkus Architects, Aspen, Colo., and B3 Architects, a Berkus Design Studio, Santa Barbara





PHOTOS: JIM BARTSCH





Tall Order

Front Street Homes San Diego

THERE'S SOMETHING ALMOST COMFORTING about the neat geometry that makes up Front Street Homes, a collection of three, four-story attached units that overlook the city and bay of San Diego. The series of rectangles and squares repeated in the ground-floor garages, upper-level balconies, and long, angled overhangs give these three homes a real sense of simple, straightforward form.

The infill project, built on a 50-by-100-foot lot, offers a calming influence in an area where there's a lot going on. The site plan shows two, two-story buildings in front of the project; a two-story building and a one-story shed behind it; and a one-story building to the east. On the western side, a landscaped motor court opens onto Front Street itself.

AWARD: Grand for attached housing project (for sale), under 18 units/acre
BUILDER: Segni Construction, El Cajon, Calif.
DEVELOPER: Globalrod, San Diego
ARCHITECT: H2A—Hawkins & Hawkins Architects, San Diego

PHOTOS: OWEN MCGOLDRICK

Each home, with approximately 1,900 square feet, features a two-car garage and entry at level one with a circulation stair leading up to level two (with two bedrooms and a hall bath), level three (an open living/dining/kitchen area), and level four (master suite with terrace). The contemporary design, executed by H2A—Hawkins & Hawkins Architects, keeps things crisp with white stucco massing, Rheinzink metal siding, frosted-glass garage doors, and aluminum-framed windows and doors. The floor-to-ceiling windows on the third level are directed to capture the city and bay views while providing daylight and solar comfort. The deep overhangs provide shade control and directional form.

The judges called Front Street Homes "a very creative setup that redefines what's possible on a 50-by-100-foot lot ... the homes step forward rather than stacking vertically to eliminate the box feel and preserve views of the city and bay for each unit."—*K. Stanley*



2009 gold nugget awards



All in One

Borealis Apartments
Seattle

JUST ABOUT ANYTHING BUILT IN PLACE of a strip club would be considered an urban improvement, but the Borealis Apartments go one better. The building is an urban dream.

It offers affordable and market-rate housing (studios and one- and two-bedroom units), incorporates sustainable design practices, is located next to a park with great views of the Seattle skyline (including the Space Needle), and features a whopping 200 units per acre.



Runberg Architecture Group wanted the design to focus on quality of life—and so it does. Large windows offer expansive views of the city, more than 3,000 square feet of retail space on the ground level enhances the pedestrian environment, and a generous common deck at level two offers recreational space for residents to interact (and enjoy that Space Needle view).

While strong design features are used prominently, something that's often considered an afterthought—landscaping—also plays an important role. Slatted awnings, which are strategically located around the building, add visual interest to the structure's exterior, provide solar screening during the warm summer months, and help mitigate street noise throughout the year.

As for sustainable credentials, the Borealis Apartments hold their own. The building features ultra-efficient central water heaters, thermal envelope improvements that extend 15 percent beyond code, Energy Star lighting and appliances, low-VOC paints, CRI GREENGUARD carpets, and materials with recycled content. As a result, it was given a three-star Built Green rating from the Master Builders Association.—*K.S.*

AWARD: Grand for affordable project, 30 du/acre or more
BUILDER: W.G. Clark Construction Co., Seattle
DEVELOPER: 714 Denny LLC (Vulcan Real Estate), Seattle
ARCHITECT: Runberg Architecture Group, Seattle



PHOTOS: MICHAEL SEIDL PHOTOGRAPHY



Private Idaho

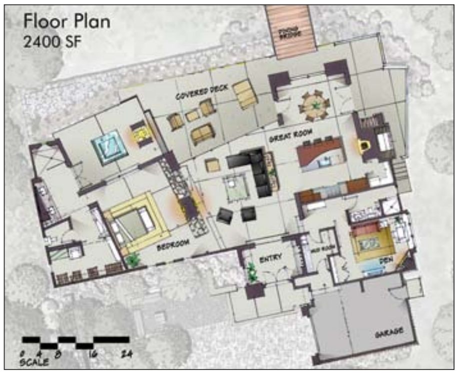
Custom Residence

Ketchum, Idaho

WITH ITS UNUSUAL ARRANGEMENT OF shed forms, this ruggedly beautiful, 2,400-square-foot residence seems almost accidental in its composition. But its volumes are actually a response to a variety of tough constraints. And in the end, its asymmetrical massing strikes the perfect balance.

Setbacks, easements, and client requests (with regard to room sizes and configurations) placed the home 13 degrees off axis to the mountain behind it. Not wanting to restrict views of the majestic ridge, the architects at Dahlin Group rotated a major window wall to face the land mass head on. This move, in turn, created the home's unique interior geometry. The portion of the house that rests under roof—a succession of trapezoidal spaces that defy the notion of a home as a box—seems irregular, but there is a certain pleasing continuity to it. Orthogonal walls are clad in cedar and plaster, while angled walls are lined in rich mahogany.

The drama doesn't stop there. Bracing members and ceiling heights vary at the angled window wall, dividing the principal shed and separating the interior living room from an adjacent 54-foot-wide, column-free covered porch. The steel truss spanning the porch is covered with spaced cedar siding and serves as a snow/sun screen. The siding is back-beveled to allow sky views from inside and to create evening shadow play.—*J.S.*



AWARD: Grand for custom home under 5,000 square feet
BUILDER: Dilworth Construction, Bellevue, Idaho
DEVELOPER: Steve Rivera, Ketchum, Idaho
ARCHITECT/LAND PLANNER: Dahlin Group Architecture Planning, Pleasanton, Calif.



PHOTOS: DAVID DUNCAN LIVINGSTON

Model Thin

1521 Second Avenue Seattle

TALL AND SLENDER MAKES FOR A SLEEK building profile, but in this case the anatomical dimensions served an added purpose. To close the deal with the city of Seattle, Opus NWR Development threw in a $1.88 million donation (to fund affordable housing elsewhere in the city) in exchange for added height and more buildable area. Once the handsome, 143-unit tower took shape, the innovative design by Weber Thompson became a prototype for a new zoning code that encourages tall, skinny buildings as a means of revitalizing tired neighborhoods and creating density.

Situated on a mid-block site measuring just over one-third of an acre, the 440-foot-tall residence is partly flanked by landmark buildings, but the developer secured view easements to preserve panoramas on the other side. Floor plans feature no exterior columns thanks to an innovative "shear core" design that allows a glass curtain wall to fully wrap the tower. Each floor contains only three to five apartments which, in combination with a unique floor plate, gives nearly every home a view of the water in the distance. Each residence features a solarium with a folding window system. This alternative to the typical protruding deck allows year-round connections to the outdoors while preserving the clean lines of the building's exterior architecture.

Marketing materials offering "penthouses" on every floor (each averaging 1,900 square feet) proved an ingenious move. The project achieved 98 percent presales with a closing price averaging $1.8 million per unit.—*M. Stern-Morales*

AWARD: Grand for attached housing project (for sale), high-rise eight stories and over
BUILDER: Opus NW Contractors, Bellevue, Wash.
DEVELOPER: Opus NWR Development, Bellevue
ARCHITECT: Weber Thompson, Seattle
LAND PLANNER: City of Seattle Department of Planning and Development, Seattle

PHOTOS: MICHAEL WALMSLEY PHOTOGRAPHY





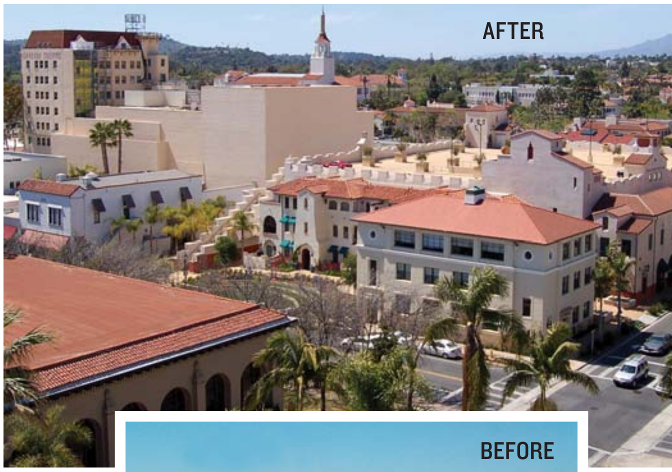




Small Wonder

Casas las Granadas

Santa Barbara, Calif.





In Santa Barbara, Calif., where property values are among the highest in the nation (it is, after all, known as "The American Riviera"), this intimate little infill project pulls off the seemingly impossible. It tucks 12 pretty apartments into a downtown historic district on a tenth of an acre, sandwiched between a parking garage and an adjacent commercial building. And get this: The units are affordable, offering rents of just $560 to $680 per month to low-income workers with incomes between $27,250 and $43,600 per year.

Budgetary constraints were sizable, and yet Peikert Group Architects artfully complied with the old city's strict Spanish colonial architectural guidelines. Units ranging from 485 to 602 square feet feature high ceilings, decorative tile, clean stucco and clay tile roof exteriors, arched colonnades, iron gates and lanterns, and private balconies overlooking the adjacent public plaza, court house, and city library.

Residents enjoy access to an adjacent public bike station with lockers, maintenance equipment, and shower facilities. The apartments are a quick walk to public transit, shopping, parks, and various social and cultural hot spots. And the lucky few who live there aren't the only ones to benefit; the project beautifies the urban core, transforming what was formerly a blank wall into a lyrical piece of architecture.—*J.S.* *(see page 52)*

AWARD: Grand for affordable project under 30 du/acre
BUILDER/DEVELOPER: People's Self Help Housing, San Luis Obispo, Calif.
ARCHITECT: Peikert Group Architects, Santa Barbara

PHOTOS: EMMALEE THOMAS



PHOTOS: BILL TIMMERMAN PHOTOGRAPHY







Two Textures

Eaton Residence Scottsdale, Ariz.

Architects often take one of two approaches when it comes to designing a home for a rugged, desert landscape. They go with the flow, using forceful stone elements that blend into the site, as if the land itself had birthed the structure. Or, they go against type, opting for more ethereal elements such as glass and steel, which allow the house to rest lightly on the terrain.

The designers from Allen + Philip Architects/Interiors followed both tracks with this 7,450-square-foot home, which is nestled, side-saddle-style, between two mountain slopes. Conceptually, the site is entered from below and the home is viewed sequentially while ascending 90 feet of elevation change, ending at a driving court that is spanned by the structure, framing mountain views and acting as an entry portal. This bridging element is carried out in two distinct volumes. One—a transparent, pavilion-like steel, glass, and stucco structure—is the element that rests lightly. The other—a fortress-like stone, masonry, and glass building—is dug into the hillside, which helps anchor the composition.

Inside, the views that have been at your back are revealed across a negative edge pool that reflects the distant, layered mountains beyond. Simply grouped elegant spaces, dotted with traditional and contemporary regional art, have access to adjacent terraces and patios, which help blur the line between inside and out. The clients wanted their home to be one with the desert, and this design certainly fills the bill.—*K.S.* *(see page 54)*

AWARD: Grand for custom home over 7,500 square feet
BUILDER: Linthicum Corp., Scottsdale, Ariz.
ARCHITECT: Allen + Philip Architects/Interiors, Scottsdale
INTERIOR DESIGNER: David Michael Miller Associates, Scottsdale


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Tiny Footprint

Urban Crash Pad

Santa Barbara, Calif.





WHEN IT COMES TO LUXURY, SIZE doesn't really matter. It's the little things that count. Case in point: this 894-square-foot "crash pad," which replaces a 1,400-square-foot dwelling that previously occupied the same .08 acre spot in a neighborhood dating back to the 1880s. It's an efficient plan predicated on multi-use spaces akin to those seen in small sea-going vessels. And the open, loft-style configuration eliminates unnecessary circulation spaces that eat up precious square footage and result in extra heating and cooling costs.

The key to making it all work, says architect Barry Berkus, was using height and light as a counterbalance to the small footprint. The tidy interiors feel plenty airy, thanks to ceilings stretching 14 feet in the living area, 12 feet in the bedroom, and 10 feet in the kitchen, combined with skylights and north/south glazed openings.

Ceiling-high cabinets in the cooking and sleeping areas maximize storage space and are accessible via a custom-designed (by the architect), sliding ladder chair. Even the outdoor space is multifunctional. Sometimes used as a "car arbor," it doubles as an entertainment pavilion with track lighting and a sculptural fence.

This home's tiny size alone is enough to render it sustainable (it doesn't require much energy to stay running) but it also features recycled countertops, low VOC paints, environmentally rated insulation, Energy Star appliances, and a tankless water heater. As one juror commented, "It's artful restraint we can all learn from."—*J.S.* *(see page 56)*

AWARD: Grand for custom home under 7,500 square feet
BUILDER: Jack'n Toolbox, Santa Barbara, Calif.
ARCHITECT: B3 Architects, a Berkus Design Studio, Santa Barbara
LAND PLANNER: Earthform Design, Santa Barbara





PHOTOS: JIM BARTSCH



PHOTOS: WAJID DRABU

Living Color

The Dalton Pasadena, Calif.





Urbanites who thrive in lively, bustling, walkable neighborhoods might say this project has it all. Located in the heart of Pasadena's central business district, the 55 loft-style units in this handsome building are stacked on top of 7,000 square feet of ground-floor retail.

The Dalton's prime location directly across the street from a major light-rail stop was a bonus not just for residents, but also for the developer. The adjacency allowed for maximum development through reduced parking requirements and allowances for increased density and building height.

The building repays the favor by proving that high-density development need not look utilitarian. Variations in scale, massing, window placement, and color—punctuated by public art at street level—give the structure an irresistible presence. For residents, courtyards and decks provide open space, natural light, and views of distant snow-capped peaks and California sunsets.

"The design contributes to the quality of the public realm at both the pedestrian-scale level and the building-scale level," said one judge. "The building forms have a rhythm and proportion that respect and reinforce the colorful texture of this urban neighborhood."—*J.S.* *(see page 58)*

AWARD: Grand for mixed-use project
BUILDER: American General Constructors, Glendale, Calif.
DEVELOPER: Champion Development Group, Los Angeles
ARCHITECT: Studio One Eleven at Perkowitz + Ruth Architects, Long Beach, Calif.



View Finder

Eastlake 2851 Seattle

Mention a density of 150 units to the acre, and this is not the sort of project that comes to mind. Shouldn't it be taller? Or more cramped? Located in a former industrial area in the midst of a renaissance, this mixed-use enclave weaves 127 waterfront apartments, ground-floor retail, and underground parking into a prime spot adjacent to public transit—and still manages to create killer lakeside views for every resident. Terraced massing on the waterfront side not only mitigates the density, but opens up views (even for basement units) and forms a series of shared rooftop decks and private outdoor patios. Public stairs along the property's north edge link the busy avenue up above to garden and lakeside areas below.

The region's maritime flavor is picked up in the building's varied palette of wood, metal, and concrete, as well as in forms such as broad wooden decks and projecting triangular bays, which resemble ships' bows.

Catering to singles and couples, Eastlake 2851 sits within walking distance of dining, shopping, and markets, and the building itself will soon house its own restaurant and additional small commercial space—a perfect place, no doubt, to live, work, and play.—*J.S.*

AWARD: Grand for low-rise apartment project
BUILDER: Excel Pacific, Bellingham, Wash.
DEVELOPER: Essex Property Trust, Palo Alto, Calif.
ARCHITECT: Runberg Architecture Group, Seattle
LAND PLANNER: City of Seattle, Seattle





PHOTOS: TOP AND MIDDLE: MIKE SEIDL PHOTOGRAPHY; BOTTOM: JEFFREY ARON PHOTOGRAPHY

THE 2009 GOLD NUGGET AWARDS JUDGES

FROM LEFT TO RIGHT: Don Anderson, Color Design Art, Culver City, Calif.; Carl Lagoni, Bassenian Lagoni Architects, Newport Beach, Calif.; Eric Zuziak, JZMK Partners, Irvine, Calif.; Tom Doucette, Doucette Communities, Tucson, Ariz.; Timothy P. Sullivan, Sullivan Group Real Estate Advisors, San Diego; Tom Sattler, Sattler Homes, Greenwood Village, Colo.; Jerry Gloss, Knudson Gloss Architects, Boulder, Colo.; Bill Hezmalhalch, William Hezmalhalch Architects, Santa Ana, Calif.; Jenny Sullivan, Builder magazine, Washington, D.C.



UP link // VISIT WWW.BUILDERONLINE.COM/DESIGN/GOLDNUGGETAWARDS TO SEE ADDITIONAL PROJECT PLANS, SECTION DRAWINGS, AND PHOTOS OF THIS YEAR'S WINNING PROJECTS.

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UNITED STATES BANKRUPTCY COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA
RIVERSIDE DIVISION

In re **FLEETWOOD ENTERPRISES, INC., et al.,** Debtors.	CASE NO. 09-14254-MJ Chapter 11 [Jointly Administered]

NOTICE OF DEADLINE FOR FILING OF PROOFS OF CLAIM ON OR BEFORE AUGUST 28, 2009

PLEASE TAKE NOTICE THAT:

1. On March 10, 2009, Fleetwood Enterprises, Inc. ("Fleetwood") and its affiliated debtors and debtors in possession (collectively, the "Debtors") each filed a voluntary petition for relief under the Bankruptcy Code in the United States Bankruptcy Court for the Central District of California (the "Court"). A complete list of the Debtors is available free of charge at the website maintained by the Debtors' Claims Agent at www.kccllc.net/fleetwood.

2. On July 6, 2009, the Court entered an order (the "Bar Date Order") establishing **AUGUST 28, 2009 AT 5:00 P.M., PREVAILING PACIFIC TIME** (the "Bar Date"), as the deadline for filing proofs of claim against the Debtors. The Bar Date applies to all claims against the Debtors that arose before March 10, 2009 except the excluded claims listed in the Bar Date Order.

3. You **MUST** file a proof of claim by the Bar Date if you have any claim against any of the Debtors that arose before March 10, 2009. The only exception to this filing requirement is for excluded claims described in the Bar Date Order. Acts or omissions that occurred before March 10, 2009 may give rise to claims subject to the Bar Date even if the claims may not have become known or fixed or liquidated until after March 10, 2009.

4. The Debtors have established supplemental Bar Dates (the "Supplemental Bar Dates") for filing proofs of claim or interest on account of: (A) claims arising from rejection of executory contracts or unexpired leases; (B) claims or interests of governmental units; and (C) claims arising as the result of transfer avoidance pursuant to chapter 5 of the Bankruptcy Code. If you are a holder of a claim or interest in one of these three categories, you **MUST** file a proof of claim by the applicable Supplemental Bar Date described in the Bar Date Order.

5. If your claim or interest is not listed on the Debtors' schedules or is scheduled as disputed, contingent, unliquidated or unknown, or you disagree with the amount or description scheduled for your claim or interest, you must file a proof of claim or interest.

6. **EXCEPT WITH RESPECT TO EXCLUDED CLAIMS (AS DESCRIBED IN THE BAR DATE ORDER), IF YOU FAIL TO FILE A PROOF OF CLAIM ON OR BEFORE 5:00 P.M. (PREVAILING PACIFIC TIME), ON AUGUST 28, 2009 OR THE APPLICABLE SUPPLEMENTAL BAR DATE, ON ACCOUNT OF ANY CLAIM YOU WISH TO ASSERT AGAINST ANY OF THE DEBTORS, THEN**

- **YOU WILL BE FOREVER BARRED FROM ASSERTING THAT CLAIM (OR FILING A PROOF OF CLAIM WITH RESPECT TO IT);**
- **YOU WILL NOT RECEIVE ANY DISTRIBUTION IN THESE CHAPTER 11 CASES ON ACCOUNT OF THAT CLAIM;**
- **THE DEBTORS AND THEIR PROPERTY WILL BE DISCHARGED FROM ANY AND ALL LIABILITY WITH RESPECT TO THAT CLAIM; AND**
- **YOU WILL NOT BE PERMITTED TO VOTE ON ANY PLAN OR PLANS OF REORGANIZATION FOR THE DEBTORS ON ACCOUNT OF THESE BARRED CLAIMS.**

7. Any questions concerning this Notice, the Bar Date or the Bar Date Order should be directed to the Information Line established for these chapter 11 cases at **(866) 967-0262**. You may access copies free of charge of the Debtors' Schedules, the Bar Date Order, the mailed version of this Notice, forms for proofs of claim and instructions for filing at the website maintained by the Debtors' Claims Agent at www.kccllc.net/fleetwood.

8. The Court has appointed an Official Committee of Unsecured Creditors that is represented by Hamid R. Rafatjoo, Esq. at Pachulski Stang Zhiel & Jones, 10100 Santa Monica Boulevard 11th Floor Los Angeles, CA 90067-4100. If you have additional questions, you may contact Mr. Rafatjoo at (310) 277-6910.

9. You may also want to consult an attorney to protect your rights.

Approved by Order of the United States Bankruptcy Court for the Central District of California on July 6, 2009.

Dated: July 6, 2009

CRAIG H. MILLET | SOLMAZ KRAUS
GIBSON, DUNN & CRUTCHER LLP
3161 Michelson Drive
Irvine, California 92612-4412
Telephone: (949) 451-3800
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The homes on this page and the next are designed for accessibility and flexibility as the homeowner's needs change. This design emphasizes easy living through a free-flowing floorplan and private spaces for retreat.

PLAN # HWB1090001 ■ 5-SET $915 ■ 8-SET $970 ■ REPRO $1,225 ■ CAD $2,085 ■ PDF $1,288



FIRST



ALTERNATE LAYOUT



SECOND

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PLAN # HWB1090002 ■ **5-SET** $795 ■ **8-SET** $855 ■ **REPRO** $1,065 ■ **CAD** $1,815 ■ **PDF** $1,128

Square Footage: 1,990 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 40' - 0" X 74' - 6" ■ **Foundation:** Slab



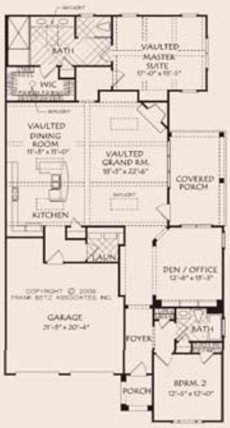


ALTERNATE LAYOUT



ALTERNATE LAYOUT

Square Footage: 1,990 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 40' - 0" X 74' - 6" ■ **Foundation:** Slab





ALTERNATE LAYOUT



ALTERNATE LAYOUT

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PLAN # HWB1090003 ■ **5-SET** $795 ■ **8-SET** $855 ■ **REPRO** $1,065 ■ **CAD** $1,815 ■ **PDF** $1,128



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First Floor: 2,050 sq. ft. ■ **Second Floor:** 846 sq. ft. ■ **Total:** 2,896 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 40' - 0" X 82' - 0" ■ **Foundation:** Slab





ALTERNATE LAYOUT



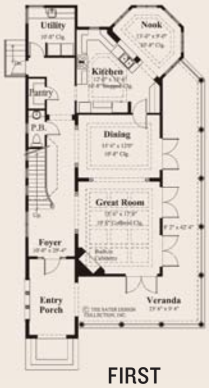
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PLAN # HWB1090004 ■ **5-SET** $915 ■ **8-SET** $970 ■ **REPRO** $1,225 ■ **CAD** $2,085 ■ **PDF** $1,288

First Floor: 1,313 sq. ft. ■ **Second Floor:** 1,378 sq. ft. ■ **Total:** 2,691 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 34' - 0" X 63' - 2" ■ **Foundation:** Crawlspace


FIRST


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PLAN # HWBI090005 ■ 5-SET N/A ■ 8-SET N/A ■ REPRO $1,346 ■ CAD N/A ■ PDF $1,346

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PLAN # HWBI090006 ■ 5-SET N/A ■ 8-SET N/A ■ REPRO $1,516 ■ CAD $2,728 ■ PDF $1,516

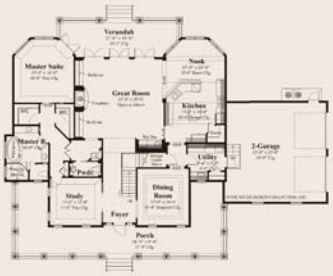
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First Floor: 2,254 sq. ft. ■ **Second Floor:** 777 sq. ft. ■ **Total:** 3,031 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 5 ■ **Dimensions:** 52' - 0" X 95' - 8" ■ **Foundation:** Slab


FIRST


SECOND

First Floor: 2,253 sq. ft. ■ **Second Floor:** 1,507 sq. ft. ■ **Total:** 3,760 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 77' - 2" X 64' - 0" ■ **Foundation:** Crawlspace


FIRST


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PLAN #HWBI090007 ■ 5-SET N/A ■ 8-SET N/A ■ REPRO $2,444 ■ CAD N/A ■ PDF $2,444

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Square Footage: 2,907 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 65' - 0" X 84' - 0" ■ **Foundation:** Slab



PLAN # **HWBI090008** ■ **5-SET** N/A ■ **8-SET** N/A ■ **REPRO** $1,454 ■ **CAD** $2,616 ■ **PDF** $1,454

Square Footage:: 2,000 ■ **Bonus Space:** 495 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 63' - 0" X 62' - 8" ■ **Foundation:** Unfinished Basement



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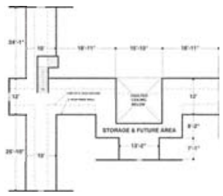
PLAN # **HWBI090009** ■ **5-SET** $725 ■ **8-SET** $825 ■ **REPRO** $850 ■ **CAD** $1,400 ■ **PDF** $850



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Square Footage: 2,156 sq. ft. ■ **Bonus Space:** 1,535 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 3 ■ **Dimensions:** 71' - 1" X 64' - 6" ■ **Foundation:** Unfinished Basement





BONUS

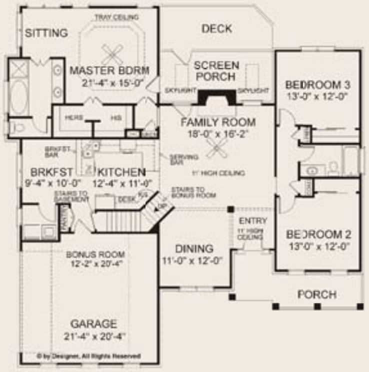


BASEMENT

PLAN # **HWBI090010** ■ **5-SET** $725 ■ **8-SET** $825 ■ **REPRO** $850 ■ **CAD** $1,400 ■ **PDF** $850

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Square Footage: 1,787 ■ **Bonus Space:** 263 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 55' - 8" X 56' - 6" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement



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PLAN # HWBI090011 ■ **5-SET** $650 ■ **8-SET** $750 ■ **REPRO** $825 ■ **CAD** $1,270 ■ **PDF** $825



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PLAN # HWBI090012 ■ **5-SET** $650 ■ **8-SET** $750 ■ **REPRO** $825 ■ **CAD** $1,200 ■ **PDF** $825

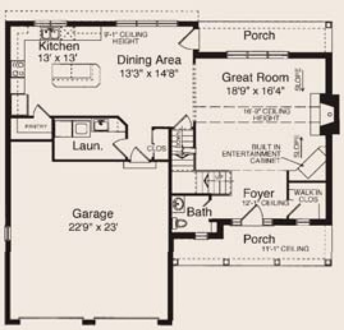
Square Footage: 1,831 ■ **Bonus Space:** 526 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 50' - 0" X 74' - 3" ■ **Foundation:** Slab





BONUS

First Floor: 1,087 sq. ft. ■ **Second Floor:** 1,031 sq. ft. ■ **Total:** 2,118 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 48' - 0" X 44' - 2" ■ **Foundation:** Unfinished Basement



FIRST



SECOND

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PLAN # HWBI090013 ■ **5-SET** $695 ■ **8-SET** $765 ■ **REPRO** $940 ■ **CAD** $1,450 ■ **PDF** $940

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First Floor: 967 sq. ft. ■ **Second Floor:** 962 sq. ft. ■ **Total:** 1,929 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 60' - 0" X 35' - 0" ■ **Foundation:** Unfinished Basement





FIRST



SECOND

PLAN # HWBI090014 ■ 5-SET $655 ■ 8-SET $695 ■ REPRO $875 ■ CAD $1,320 ■ PDF $875

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First Floor: 1,408 sq. ft. ■ **Second Floor:** 647 sq. ft. ■ **Total:** 2,055 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 50' - 0" X 45' - 0" ■ **Foundation:** Unfinished Basement



FIRST



SECOND



PLAN # HWBI090015 ■ 5-SET $695 ■ 8-SET $765 ■ REPRO $940 ■ CAD $1,450 ■ PDF $940

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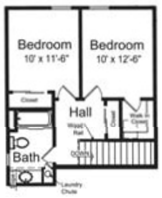
First Floor: 1,040 sq. ft. ■ **Second Floor:** 447 sq. ft. ■ **Total:** 1,487 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 40' - 2" X 55' - 0" ■ **Foundation:** Unfinished Basement



PLAN # HWBI090016 ■ 5-SET $600 ■ 8-SET $655 ■ REPRO $775 ■ CAD $1,185 ■ PDF $775



FIRST



SECOND

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Square Footage: 1,246 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 37' - 0" X 48' - 0" ■ **Foundation:** Crawlspace, Block, Stem Wall Foundation



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PLAN # HWBI090017 ■ 5-SET $565 ■ 8-SET $620 ■ REPRO N/A ■ CAD N/A ■ PDF $765

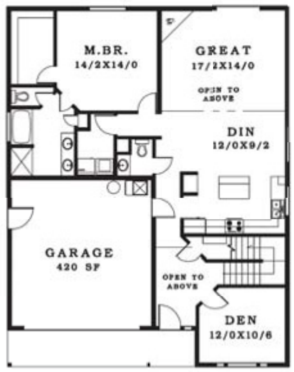


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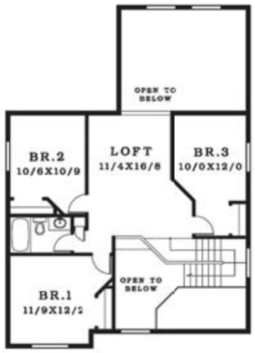
PLAN # HWBI090018 ■ 5-SET $685 ■ 8-SET $750 ■ REPRO N/A ■ CAD N/A ■ PDF $935

© DESIGN NW

First Floor: 1,400 sq. ft. ■ **Second Floor:** 805 sq. ft. ■ **Total:** 2,205 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 ½ ■ **Dimensions:** 39' - 0" X 50' - 0" ■ **Foundation:** Stem Wall Foundation

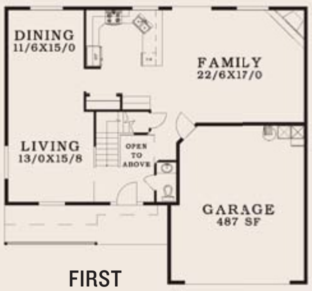


FIRST



SECOND

First Floor: 1,149 sq. ft. ■ **Second Floor:** 1,298 sq. ft. ■ **Total:** 2,447 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 ½ ■ **Dimensions:** 58' - 0" X 42' - 0" ■ **Foundation:** Crawlspace, Block, Stem Wall Foundation



FIRST



SECOND

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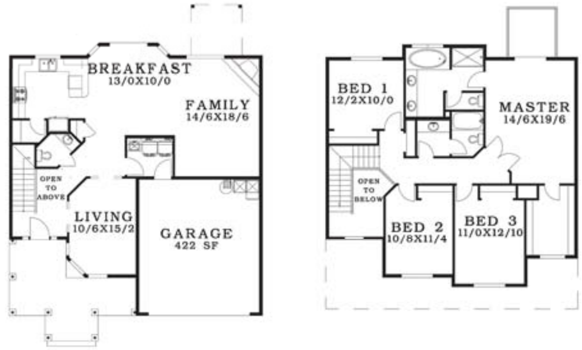
PLAN # HWBI090019 ■ 5-SET $685 ■ 8-SET $750 ■ REPRO N/A ■ CAD N/A ■ PDF $935

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First Floor: 1,062 sq. ft. ■ **Second Floor:** 1,228 sq. ft. ■ **Total:** 2,290 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 ½ ■ **Dimensions:** 40' - 0" X 43' - 0" ■ **Foundation:** Crawlspace, Stem Wall Foundation



FIRST SECOND

PLAN # HWBI090020 ■ 5-SET $685 ■ **8-SET** $750 ■ **REPRO** N/A ■ **CAD** N/A ■ **PDF** $935

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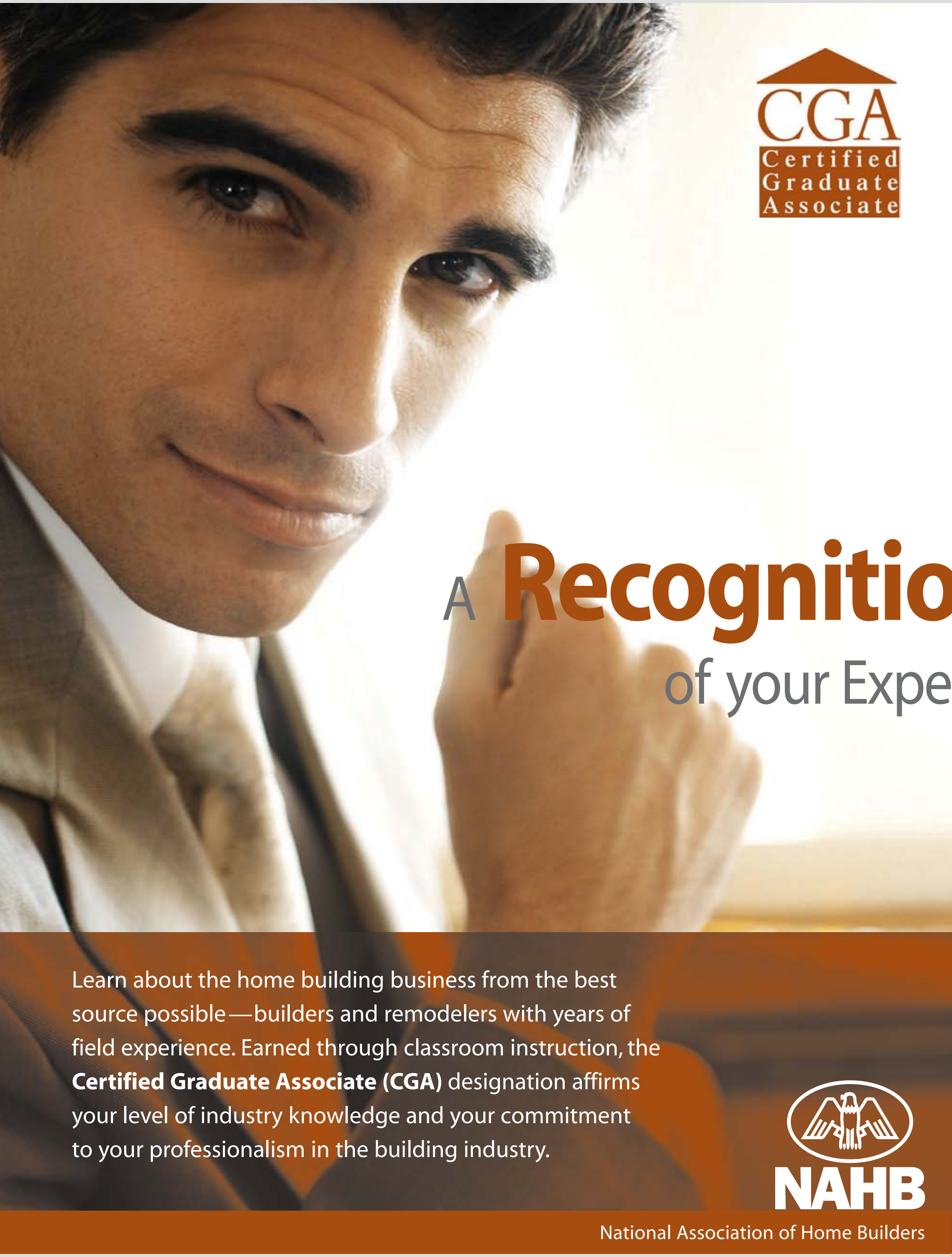
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HWBI09



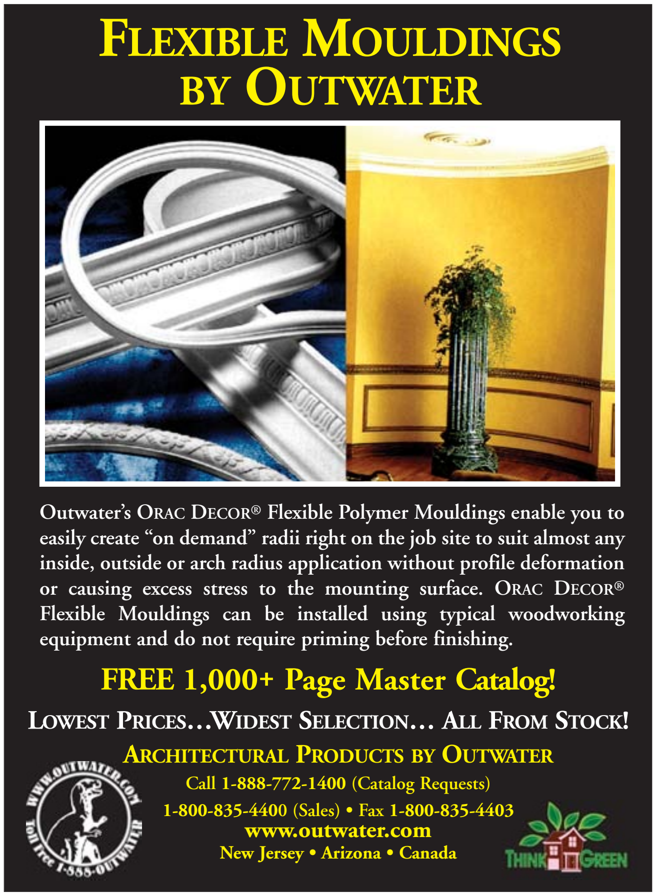









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RICK SHARGA
VICE PRESIDENT OF MARKETING
REALTYTRAC
IRVINE, CALIF.

A VITAL SIGN OF THE ECONOMY'S improvement will be a significant reduction in foreclosures. And the place where industry watchers turn every month to track that metric is RealtyTrac, the online real estate marketplace, whose *U.S. Foreclosure Market Report* has become a key bellwether of the housing industry's fortunes during the recession.

As its vice president of marketing, Rick Sharga is RealtyTrac's public persona, explaining its data to the media and government officials. Sharga has been with the company since 2004 and spent the previous two decades developing marketing strategies for the likes of DuPont, JD Edwards, and Honeywell.

BUILDER interviewed Sharga in mid-June, a few days after RealtyTrac reported that foreclosure activity in May was up 18 percent from a year ago.—*John Caulfield*

Q: Why haven't state-imposed moratoria or prevention plans stemmed foreclosures?

A: Most states' actions have simply delayed the process but haven't done anything to affect foreclosures themselves. What lenders could do is defer or forgive principal balances, particularly in the hardest-hit states. But I see no indication that lenders are willing to do that.

Q: Who or what do you think bears the greatest blame for this crisis?

A: When CSI detectives get around to examining the body, they're going to find Wall Street's fingerprints all over it. But the cause [of death] will be greed, and that's where consumers have to take some of the blame.

Q: What will be the aftermath of the foreclosure debacle?

A: On the positive side, we'll see a return to fundamentals in lending. We'll also see more regulation, maybe more than we need. If I were a betting man, I'd wager that tax credits will be extended and expanded, and FHA loan limits will be raised. On the negative side, it's going to be harder for the average person to get a loan for a while. And it's a bad time to be a builder, when you consider there are probably 500,000 bank-owned properties that haven't come back on the market yet.

COURTESY REALTYTRAC